

Message Text

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TO AMEMBASSY BUCHAREST

C O N F I D E N T I A L STATE 183271

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E.O. 11652: N/A

TAGS: ENRG, ETRD, RO

SUBJECT: TRADE INQUIRY: COKING COAL

REF: BUCHAREST 3261

1. APPEARS BUTNARU REQUEST MAY BE RELATED TO TWO
OTHER ROMANIAN FEELERS, ONE BY AMBASSADOR BOGDAN IN
WASHINGTON, AND OTHER BY DIRECTOR GENERAL OF MINERAL
IMPORT EXPORT, DORIN DINESCU. IN JUNE 73 BOGDAN
SUBMITTED PRO MEMORIA TO COMMERCE AND ASKED OUR
ASSISTANCE ON A NUMBER OF JOINT VENTURES BETWEEN THE
GOR AND US FIRMS WHICH THE GOR WOULD LIKE TO SEE MOVE
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AHEAD. INCLUDED WAS ONE PROJECT FOR THE SETTING UP OF

ADDITIONAL COKING COAL CAPACITY IN THE US FOR EXPORT TO ROMANIA. IN ADDITION, THE US FIRMS CONSOLIDATION COAL AND MASSEY COAL EXPORT HAVE HELD PRELIMINARY DISCUSSIONS WITH DINESCU REGARDING THE POSSIBILITY OF LONG-TERM SUPPLY CONTRACTS FOR COKING COAL. STATUS OF TWO COMPANIES' DISCUSSIONS FOLLOWS.

2. CONSOLIDATION COAL, PITTSBURGH: COMPANY REPORTS IT ONLY US FIRM CURRENTLY SELLING COKING COAL TO ROMANIA. THIS BEING DONE UNDER THREE YEAR CONTRACT CONCLUDED WITH MINERAL IMPORT EXPORT WHICH CALLS FOR SHIPPING OF 250,000 TONS IN 1973, RISING TO 500,000 TONS IN 1975. THIS YEAR TO DATE, FOUR SHIPMENTS TOTALLING 100,000 TONS HAVE BEEN SENT AT AVERAGE PRICE OF \$24 GROSS TON. ALL TRANSACTIONS REPORTEDLY CONDUCTED SMOOTHLY. DINESCU VISITED CONSOLIDATION IN PITTSBURGH THREE WEEKS AGO TO INQUIRE ABOUT EXTENDING AND ENLARGING CONTRACT. CONSOLIDATION VICE PRESIDENT A.J. MACBRIDE DUE IN BUCHAREST LATE OCTOBER 2 TO FOLLOW UP ON DINESCU PROPOSAL. HE WOULD LIKE TO MEET INFORMALLY WITH BUTNARU AT DINNER OCTOBER 2 OR 3, OR DURING DAY OF OCTOBER 4 TO CHECK SIMILARITY OF HIS AND DINESCU'S PROPOSALS. MACBRIDE, HOWEVER, EAGER TO AVOID ANY ACTION WHICH MIGHT SLIGHT OR OTHERWISE DISTURB WHAT CONSOLIDATION FEELS ARE THEIR CLOSE TIES WITH DINESCU. COMMERCE WOULD APPRECIATE EMBASSY ASSISTANCE IN ARRANGING BUTNARU MEETING. PLEASE ADVISE.

3. MASSEY COAL EXPORT, RICHMOND: COMPANY WAS HIGHLY INTERESTED IN JOINT VENTURE CONCEPT CONTAINED IN AMBASSADOR BOGDAN'S PRO MEMORIA. HOWEVER, ROMANIAN EMBASSY HAS NOT FOLLOWED UP ON MASSEY'S EXPRESSION OF INTEREST. COMPANY REPORTS IT HAS BEEN HOLDING DISCUSSIONS ON A LONG TERM SALES CONTRACT FOR COKING COAL WITH DINESCU, BUT THAT NO AGREEMENT ON TERMS HAS BEEN REACHED. DISCUSSIONS HAVE PROCEEDED ALONG PERIOD OF SEVERAL MONTHS. THESE DISCUSSIONS HAVE BEEN CONDUCTED ON MASSEY'S BEHALF BY THEIR WEST EUROPEAN REPRESENTATIVE, KLAUS PUDEL, OF PUDEL-COMBIMPORT. MASSEY IN PROCESS OF INSTRUCTING PUDEL TO FOLLOW UP WITH BUTNARU.

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4. COMMENT: APPEARS COKING COAL PROPOSALS RAISED BY ROMANIAN EMBASSY, DINESCU, AND BUTNARU MAY BE SIMILAR, IF NOT IDENTICAL. BOTH CONSOLIDATION AND MASSEY ARE PURSUING. IN VIEW OF GOR SENSITIVITIES REGARDING ANY PUBLICITY ON THIS PROJECT, AND FACT THAT AT LEAST TWO AMERICAN FIRMS HAVE ALREADY BEGUN DISCUSSIONS WITH THE GOR, WE WILL AVOID FURTHER PUBLICITY AT THIS POINT. SHOULD SITUATION CHANGE WE WILL, OF COURSE, ALERT OTHER COAL EXPORTERS. RUSH

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